



ASIAN DEVELOPMENT BANK



**ORGANISATION FOR ECONOMIC
CO-OPERATION AND DEVELOPMENT**

COMBATING CORRUPTION IN ASIAN AND PACIFIC ECONOMIES

September 29 – October 1, 1999

Manila, Philippines

WORKSHOP PROGRAM

in Association with Partner Organisations:

**Konrad-Adenauer-Stiftung, Pacific Basin Economic Council, Transparency
International, United Nations Development Programme,
United States Agency for International Development, World Bank Institute**

SUMMARY DESCRIPTION

Objectives

The purpose of this workshop is three-fold: (i) establish common understanding of the problems in fighting corruption, share anti-corruption experiences, and identify cross-border issues in the Asia and Pacific region; (ii) obtain country and donor assessment of existing international instruments and anti-corruption programmes; and (iii) identify needed changes and develop recommendations and action plans.

Methodology

The two and a-half day program will take the form of presentations, case studies, focus groups and round-table discussions. The workshop will take place at the Asian Development Bank's headquarters in Manila, Philippines. The workshop will start at 8:45 a.m., Wednesday, September 29th and will end at 12.00 p.m. on Friday, October 1st. Registration and the welcoming reception will take place on Tuesday evening, September 28.

Presentations by lead speakers and comments by discussants will respectively be limited to 10 minutes in order to leave time for discussion. Interventions from the floor should not exceed 5 minutes. To the extent possible, copies of papers and presentations will be distributed at the workshop. The working language will be English.

Countries invited

ADB regional Member countries and OECD Member countries.

Partner organisations

Konrad Adenauer Stiftung, Pacific Basin Economic Council (PBEC), Transparency International (TI), United Nations Development Programme (UNDP), United States Agency for International Development (USAID), World Bank Institute (WBI).

Other invited organisations

Asia Foundation, ASEAN, Business Industry Advisory Group to the OECD, Council of Europe, European Commission, International Chamber of Commerce, International Federation of Accountants, International Federation of Consulting Engineers, International Monetary Fund, Trade Union Advisory Committee to the OECD, United Nations, World Bank, World Customs Organisation, World Trade Organisation.

Target audience

Senior policy makers and officials from the Asia-Pacific region from the ministries of finance and justice and accountability institutions that have a direct impact on curbing corruption and bribery, public contracts practitioners, and representatives of the Asian business and NGO communities.

BACKGROUND

Measures to curb bribery and corruption are now firmly on the international agenda. 34 signatory countries, including all the world's biggest economies, have signed the OECD Convention on Combating Bribery in International Transactions and are now implementing tough new legislation against transnational bribery¹. The World Bank, IMF and Asian Development Bank are prepared to withhold financial backing from governments and companies accused of corruption. Other international organisations such as the Council of Europe, the European Commission, the United Nations Development Programme and the World Trade Organisation are undertaking major initiatives against international graft. Non Governmental Organisations (NGOs), such as the Konrad-Adenauer-Stiftung and Transparency International, private sector organisations, and bilateral aid agencies such as USAID, are also participating in the efforts of national governments and international organisations to combat and curb corruption.

Convinced that bribery in international trade and investment is widespread, has many harmful repercussions and that an effective world-wide policy is best suited to fight corruption, the Organisation for Economic Co-operation and Development (OECD) has been a

leader in the global fight against bribery and corruption in international business practices. Making use of OECD Secretariat-wide expertise and cultivating synergies with other international initiatives -both public and private, the OECD has provided a unified and comprehensive front against corruption. The OECD addresses corruption from the perspective of both the recipients of illicit payments, through work on public service ethics, and the providers of illicit payments, by taking actions against bribe givers.

The Asian Development Bank (ADB) is convinced that the struggle against corruption is essential in ensuring sustainable and equitable development. Both recent experience in the Asian and Pacific region and a growing body of empirical evidence indicate that corruption has a strong negative impact upon economic and social growth. This recognition underpins the ADB anticorruption policy adopted in July 1998. As countries throughout this region find themselves increasingly integrated within the global economy; as they grapple with the task of improving the delivery of basic services such as health and education, particularly to the most vulnerable segments of society; and as they confront the need for transparent, accountable and independent regulatory institutions as an essential component of a sound financial system, they are increasingly drawn to the realisation that corruption at all levels must be strongly resisted.

¹ This includes all 29 OECD countries (Australia Austria Belgium Canada Czech Republic Denmark Finland France Germany Greece Hungary Iceland Ireland Italy Japan Korea Luxembourg Mexico the Netherlands New Zealand Norway Poland Portugal Spain Sweden Switzerland Turkey United Kingdom United States) as well as 5 non-OECD countries (Argentina, Brazil, Bulgaria, Chile, and Slovak Republic).

THEMATIC FOCUS OF THE WORKSHOP

With this in mind, the ADB/OECD workshop will bring together leading actors involved in the fight against bribery and corruption to discuss ways to combat bribery in international business transactions, improve integrity and transparency in government, promote good governance, and mobilise civil society and the private sector to join in these efforts.

The OECD Members have developed different instruments to fight bribery of foreign public officials in international business. The 1997 Convention on Combating Bribery of Foreign Public Officials in International Business Transactions --which entered into force on 15 February 1999, the 1997 Revised Recommendation on Combating Bribery in International Business Transactions, the 1996 Recommendation on Tax Deductibility of Bribes to Foreign Officials Recommendation, the Recommendation to Combat Corruption in Aid-Funded Procurement are part of a broad interdisciplinary approach associating provisions on:

- the criminalisation of bribery of foreign public officials,
- the denial of tax deductibility of such bribes,
- improved transparency through stronger bookkeeping and auditing standards,
- higher sanctions in the area of public procurement.

The OECD instruments also include institutional provisions for implementation and possibly for broadening the programme.

Moreover the OECD recognises the vital role of well-functioning government institutions in fighting corruption. The 1998 Recommendation on Improving Ethical Conduct in the Public Service provides an instrument -- a set of management principles -- for governments to check their national institutional circumstances.

The Asian Development Bank's anticorruption policy is intended to reduce the burden that widespread, systemic corruption exacts upon the governments and economies of the region. The ADB seeks to combat graft and corruption as part of its broader work on issues of governance and capacity building. Specifically, the policy is centred upon three objectives:

- supporting competitive markets and efficient, effective, accountable and transparent public administration;
- supporting promising anticorruption efforts on a case-by-case basis and improving the quality of the Bank's dialogue with developing member countries on a range of governance issues, including corruption; and
- ensuring that the ADB's projects and staff adhere to the highest ethical standards.

ISSUES FOR DISCUSSION

The workshop will pose a series of issues for debate around the following topics:

- Corruption as a challenge to good governance and economic development
- Actions at national, regional and international levels to fight corruption
- Criminalisation of bribery and corruption in international business transactions, including money laundering
- Denying tax deductibility of bribes
- Improving disclosure and accountability in business operations
- Transparency in public procurement
- Mobilising civil society and the private sector to fight corruption

The OECD instruments on bribery in international business transactions (Convention and Recommendations) and on public ethics, and the ADB Anticorruption Policy will be important points of reference during the workshop's discussion.

OBJECTIVES

By exploring these questions, the workshop hopes to achieve the following:

- Raise awareness among senior policy-makers, NGOs, the private sector and the public at large of the magnitude of the corruption problem, and its impact on economic development and governance;
- Inform about action taken at international level to fight corruption and organised crime;
- Discuss how international initiatives can be most effectively translated into national action plans;
- Develop practical measures to further improve actions to fight corruption, in particular specific actions Government and private sector can work on together, and exchange of experience among ADB and OECD members in anti-corruption efforts;
- Specific actions for implementing codes of conduct and ethics requirements;
- Foster national, regional and international collaboration,

STRUCTURE

The workshop will consist of both plenary and working group sessions. The two and a-half day program will take the form of presentations, case studies, workshops, focus groups and round-table discussions. To facilitate discussions, background documents that will discuss the different measures that may help prevent or detect corruption will be prepared by the ADB and OECD Secretariats and other leading experts. This work will include country case studies from India, Hong Kong-China, Pakistan, among others.

Presentations by lead speakers and comments by discussants will be limited to 15 and 10 minutes, respectively, in order to leave time for discussion. Interventions from the floor should be brief. The working language will be English.

PARTICIPANTS

Workshop participants will include senior government officials, representatives of anti-corruption agencies, civil society and business sector representatives from Asia and Pacific countries² and OECD Member countries.

² Countries invited to send representatives include: Australia, Bangladesh, Bhutan, Cambodia, China, Chinese Taipei, Fiji, Hong Kong-China, India, Indonesia, Japan, Kazakhstan, Korea, Krygyz Republic, Lao People's Democratic Republic, Malaysia, Maldives, Mongolia, Nepal, New Zealand, Pakistan, Papua New Guinea, Philippines, Samoa, Singapore, Solomon Islands, Sri Lanka, Tajikistan, Thailand, Uzbekistan, Vanuatu, and Viet Nam.

Workshop participants will also include senior officials the International Monetary Fund, the United Nations, the World Bank and the World Customs Organisation, as well as representatives of donor organisations such as USAID.

Business, professional and financial communities such as the International Chamber of Commerce (ICC), the Pacific Basin Economic Council (PBEC), the Business and Industry Advisory Committee to the OECD (BIAC), the Trade Unions Advisory Committee (TUAC), the International Federation of Accountants (IFAC), the International Federation of Consulting Engineers (FIDIC) as well as representatives of the civil society representing non-government organisations such as Transparency International and the Asia Foundation will also actively participate in the meeting.

POSSIBLE OUTCOMES OF THE WORKSHOP

- Support for actions at national, sub regional, regional and international levels, as relevant, to combat corruption and bribery;
- A report on the proceedings, together with selected papers;
- Assessments of country-specific actions to combat corruption;
- Other follow-up activities.

PROGRAMME

Tuesday 28 September

17:00 – 19:00	Registration , <i>Participants receive basic orientation and documentation including copies of presentations, list of participants</i>
19:00 – 20:00	Reception , Welcoming Remarks <i>NN, Chief, Strategy and Policy Office, ADB</i> <i>Mr. Rainer Geiger, Deputy Director, Directorate for Financial, Fiscal, and Enterprise Affairs, OECD</i>

Wednesday 29 September

SESSION I	CORRUPTION : STRATEGIES FROM THE REGION AND INTERNATIONAL INSTRUMENTS
8:30– 8:40	Opening Remarks <i>Mr. Rainer Geiger, Deputy Director, Directorate for Financial, Fiscal, and Enterprise Affairs, OECD</i>
8:40 – 9:00	Keynote Address <i>Mr. Peter Sullivan, Vice President of Region East and Chairman of ADB's Anticorruption Task Force</i>
9.00	A. Strategies from the Region Chair: <i>Mr. Yoshihiro Iwasaki, Chief, Strategy and Policy Office, ADB</i> Lead speakers: <i>Mr. Victor Shunglu, Auditor-General, India</i> <i>Mr. Paul Bengo, Chairman of the Independent Commission Against Corruption, Papua New Guinea</i>
9:45	<i>General discussion</i>
10: 30	Coffee Break
10:45-11:30	B. International instruments to fight corruption Chair: <i>Mrs. Enery Quinones, Head of the Anti-Corruption Unit, Directorate for Financial, Fiscal, and Enterprise Affairs, OECD</i> Lead speaker: <i>Mr. Mark Pieth, OECD Working Group on Bribery</i> Discussants: <i>Mr. Robert Lees, Secretary-General, Pacific Basin Economic Council (PBEC)</i> <i>Mr M C Blanchflower, Deputy Principal Government Counsel, International Law Division, Department of Justice, Hong Kong, China</i>
11:45	<i>General Discussion</i>
12:30	Lunch (Hosted by the ADB) Speaker: <i>Mrs. Sheila Coronel, Executive Director, Philippine Center for Investigative Journalism</i>

Wednesday 29 September (continued)

SESSION II	EXAMINING MEASURES TO COMBAT AND PREVENT CORRUPTION
14:30 – 17:00	<i>Three simultaneous focus group discussions to address measures to combat and prevent corruption. The goal is to share experiences and ideas on formulating a variety of anti-corruption measures.</i>
Focus Group 1: Integrity, transparency and accountability in governance	
	<p><u>1: Reforming government processes and procedures</u></p> <p>Facilitator: <i>Mr. Peter Pedersen</i>, General Auditor, ADB</p> <p>Presenters: <i>Mr. Guillermo Parayno</i>, former Head of the Bureau of Customs, Philippines <i>Mrs. Jean Marie Meyer</i>, Procurement Attorney, USA <i>Mr. Rocky H.T. Wong</i>, JS MAHIR SDN BHD, International Federation of Consulting Engineers, Malaysia</p> <p><i>General Discussion</i></p>
	<p><u>2: Strengthening public institutions and enforcing laws</u></p> <p>Facilitator: <i>Mr. Janos Bertok</i>, Governance and the Role of the State, Public Management Service, OECD</p> <p>Presenters: <i>Prof. Michael Johnston</i>, Colgate University, USA <i>Prof. Jon Quah</i>, Head, Department of Political Science, National University of Singapore <i>Mr. Frederick Stapenhurst</i>, Anti-Corruption Program, World Bank Institute</p>
	<i>General discussion</i>
Focus Group 2: Promoting disclosure, transparency and integrity in business operations	
	<p><u>1: Denying tax deductibility of bribes and promoting disclosure of corporate operations</u></p> <p>Facilitator: <i>Mr. Peter Rooke</i>, Chairman, TI Australia</p> <p>Presenters: <i>Mrs. Carolyn Hubbard</i>, Assistant Director, Business Tax Division, UK Inland Revenue <i>Mr. Keun-Ho Chang</i>, Korea Institute of Public Finance, Korea <i>Mr. Carlos Alindada</i>, member of the IFAC Council, President of the Confederation of Asian and Pacific Accountants, and recently retired Managing Partner, SGV & Company, Manila</p>

Wednesday 29 September (continued)

	<p>2: Encouraging good corporate behaviour</p> <p>Facilitator: <i>Mr. Tunku Abdul Aziz</i>, Vice-Chairman of the Board, Transparency International, President of TI Malaysia</p> <p>Presenters:</p> <p><i>Mr. David Lyman</i>, Senior Partner, Tilleke & Gibbins, R.O.P., Thailand, Member of the ICC Standing Committee on Extortion and Bribery <i>Mr. Michael N. Davies</i>, Chairman, Transparency Committee, PBEC <i>Ms. Esperanza Ocampo</i>, President, Philippines Government Employees Association (PGEA), Vice President, Trade Union Congress of the Philippines (TUCP)</p>
	<p><i>General discussion</i></p>

Focus Group 3: Raising public awareness and promoting civic participation

	<p>Facilitator: <i>Mr. Thomas Bernd Stehling</i>, Konrad Adenauer Stiftung</p> <p>Presenters:</p> <p><i>Mr. Susanto Pudjomartano</i>, Chief Editor, Jakarta Post <i>Mr. Kavi Chongkittavorn</i>, Executive Director, The Nation, Bangkok <i>Mr. Sam Paul</i>, Chairman, Public Affairs Center, India</p>
	<p><i>General discussion</i></p>
17:00	<p>Coffee break</p>
17:30 – 18:30	<p>Report to the Plenary from the three breakout sessions and general discussion</p>
19:00	<p>Evening Free</p>

Thursday 30 September

SESSION III	DEVELOPING ANTI-CORRUPTION STRATEGIES
9:00	<p>A. National experiences review</p> <p><i>Speakers from three selected countries describe strategies and experience in particular areas.</i></p> <p><u>Moderator:</u> <i>Geert H.P.B. van der Linden</i>, Director, Programs Department, Region West, ADB</p> <p><u>Presenters:</u></p> <p><i>Mrs Julie Mu</i>, Assistant Director, Community Relations, ICAC, Hong-Kong-China: “Involving the Private Sector and Civil Society: Hong-Kong-China’s Anti-Corruption Strategy” <i>Shafiur Rahman</i>, Pakistan: “Reducing Opportunities for Corruption in the Judiciary “ <i>Mr. Hong-Jae Im</i>, Deputy Director-General, Bureau of the International Economic Affairs, Ministry of Foreign Affairs and Trade, Korea</p>
9:45	<i>General discussion</i>
11:00	Coffee Break
11:15	<p>B. Regional and donor anti-corruption initiatives</p> <p><i>Speakers from regional and donor organisations discuss any regional anti-corruption activities. The goal is to foster learning and share ideas on creating linkages among national and regional initiatives.</i></p> <p><u>Moderator:</u> <i>Mr. Paul Oquist</i>, Chief, Regional Governance Programme, Asia and Pacific, UNDP/PACT</p> <p><u>Presenters:</u></p> <p><i>Mr. Anton Op De Beke</i>, Development Issues Division, International Monetary Fund <i>Mr. Ed Anderson</i>, Senior Advisor to USAID <i>Mr. Bernard Funck</i>, Resident Representative, World Bank Office, The Philippines</p>
11:45	<i>General discussion</i>
12:30 – 14:30	Free

Thursday 30 September (continued)

14:30 - 16:00	<p>C. Developing effective approaches to implement anti-corruption strategies <i>Simultaneous breakout sessions for participants. The breakout sessions will focus on exchanging ideas and experiences on how to best implement and execute anti-corruption strategies so that they achieve their intended goals.</i></p> <p>Breakout session 1: Public sector approach</p> <p><i>How to promote good governance; how to mobilise the political will to act; how to develop institutional capability; how to develop the required legislation; how to enhance enforcement; how to develop public-private partnerships</i></p> <p>Facilitator: Mr. Robert Beschel, ADB and Mr. Bertram I. Spector, Senior Associate, Management Systems International</p> <p><i>Discussion</i></p>
	<p>Breakout session 2: Private sector approach</p> <p><i>How to develop integrity in business; how to mobilise the political will of the private sector; how to calculate the cost-benefit for business of fighting corruption; how to develop public-private partnerships</i></p> <p>Facilitator: Mr. Alex Duperouzel, Managing Director, Kroll Associates Asia, Hong-Kong</p> <p><i>Discussion</i></p>
	<p>Breakout session 3: Media and Civil society approach</p> <p><i>How to mobilise NGOs and the mass media; how to develop the catalytic role of media in public advocacy; how to create public-private partnerships; how to create public awareness and public constituencies; how to deal with cultural attitudes</i></p> <p>Facilitator: Mrs. Sheila Coronel, Executive Director, Philippine Center for Investigative Journalism</p> <p><i>Discussion</i></p>
16:00	Coffee Break
16:30	<p>Reports to the Plenary from three breakout sessions and general discussion</p> <ul style="list-style-type: none"> • Government • Private sector • Media and civil society <p><i>Discussion</i></p>
PARTICIPANT WORKING SESSION (OPTIONAL)	
17:30 – 18:30	<i>Participants meet with donor organisations to discuss topics of mutual interest</i>
20:00 – 22:00	Dinner Reception (Hosted by the ADB)

Friday 1 October

CLOSING	ENSURING EFFECTIVE FIGHT AGAINST CORRUPTION
9:00	<p>Chairs: <i>Mr. Rainer Geiger</i>, Deputy Director, Directorate for Financial, Fiscal and Enterprise Affairs, OECD <i>Mr. Yoshihiro Iwasaki</i>, Chief of the Strategy and Policy Office, ADB</p> <p>Discussion: Framework for Action <i>(Define role and responsibilities of (i) governments, (ii) private sector, (iii) NGOs, (iv) international organisations and (v) other actors)</i></p>
10:30	Coffee break
11:00	Workshop Conclusions
12:00	<p>Closing Remarks <i>Mr. Rainer Geiger</i>, Deputy Director, Directorate for Financial, Fiscal and Enterprise Affairs, OECD <i>Mr. Yoshihiro Iwasaki</i>, Chief of the Strategy and Policy Office, ADB</p>
12:30	Closing Lunch (Hosted by OECD)
14:00	DONORS MEETING

PROGRAMME NOTES

OPENING SESSION

Following the welcoming remarks, the purpose and aim of the workshop as well as the main issues for discussion are presented to participants.

SESSION I - CORRUPTION: STRATEGIES FROM THE REGION AND INTERNATIONAL INSTRUMENTS

A. Strategies from the Region

In this first session, participants will learn about anti-corruption programmes in India and Papua New Guinea as illustrative of the general issues involved in fighting corruption. For India, the successes and constraints of the anti-corruption strategy will be presented as well as the reasons for these results. For Thailand, the comprehensive anti-corruption constitution adopted in 1997 will be presented. For Papua New Guinea, the reasons for developing a national anti-corruption strategy will be introduced. A discussion will follow where participants will be able to ask questions which make the presentation relevant to their own specific problems or offer insights into their own experience.

B. International Instruments to Fight Corruption

In this session, the lead speaker will briefly present some international measures which have been developed in different

international and regional fora to support national efforts to combat corruption and other illicit payments and strengthen national anti-corruption programmes, with a special emphasis on the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and the related Recommendations. The broad interdisciplinary approach of these instruments will be highlighted, as well as the special emphasis placed on the criminalisation of bribery of foreign public officials. The session will also discuss the mechanism for monitoring implementation of the instruments.

In the following discussion, discussants will offer views about how usefully they are being or can be applied in the region, and provide feedback on how they may be augmented to fit their own country circumstances. In particular, complementary international actions undertaken to fight illicit acts such as money laundering of illicit proceeds will be discussed.

SESSION II - FOCUS GROUPS DISCUSSION: EXAMINING MEASURES TO COMBAT AND PREVENT CORRUPTION

This session is divided into three parallel focus groups. The focus groups will permit participants to apply the knowledge they have acquired during the morning session and brainstorm on specific and concrete measures their institutions can take to reduce corruption. The goal is to share experiences and ideas on formulating a variety of anti-corruption measures. The OECD instruments on bribery in international business transactions (Convention and Recommendations) and on ethics will be an important point of reference during the discussion.

Participants will be assisted in their discussion by experts with a range of specialisations so as to address both the depth and breadth of the topic. Facilitators will help guide the discussions and rapporteurs chosen by each group will summarise the concrete recommendations made during each breakout session. Each participant will select the areas they are most interested in.

Focus Group 1: Integrity, Transparency and Accountability in Governance

Integrity, transparency, and accountability in the awarding of government contracts and permits, in regulatory matters, and in judicial and legislative proceedings are necessary elements for a productive economy and an open and predictable trade and investment climate. This breakout session will address issues related to efficient, effective, accountable and transparent public institutions. Participants will learn about how public and private efforts to strengthen information systems and the capacity of governments to monitor their expenditures, public sector reforms such as more transparent procurement rules and deregulation, and initiatives aimed at improving the capacity of parliamentary institutions, such as supreme audit agencies, and at enhancing the independence and professionalism of the judiciary, can play a large role in the fight against corruption.

1. Reforming Government Processes and Procedures

The session will begin with presentations by experts from the public and private sectors about key problems and solutions in the regional context. A case study of the Bureau of Customs in the Philippines will be

presented as an example of an agency that has streamlined its operations and significantly reduced the opportunity for corruption. A second case study presented by a Procurement Attorney will highlight the framework and experiences of countries that have developed a sound public procurement system and successfully used procurement procedures build around this system. International initiatives to help ensure integrity in procurement actions, including anti-bribery pacts among competitors as well as international activities promoting better procurement regimes will also be discussed in relation to the actual public procurement legislation, rules and methods in countries of the Asian and Pacific region. The key role of the private sector in curbing corruption in procurement will be addressed as well. In particular, participants will learn about the work done by the International Federation of Consulting Engineers in relation to procurement.

2. Strengthening Public Institutions and Enforcing Laws

With legal and institutional reform in the public sector, and complementary actions by private enterprise and individuals, a tipping

point against corruption can be reached. In this session, participants will learn about current efforts in selected countries of the region in containing corruption through legal and institutional reform.

After some general remarks by the OECD on the importance of strengthening public institutions and enforcing laws, an international expert on the region will present a general survey of the costs and consequences of corruption, as well as specific observations about the value of public private partnerships. By addressing the nexus of the public and private sectors

and the important role of civil society in combating corruption, the presentation will provide the framework for the remaining discussion of the effectiveness of various accountability mechanisms such as anti-corruption agencies, supreme audit institutions, ombudsmen offices. The role of such institutions in promoting efficiency and cost effectiveness and preventing corruption will be highlighted. International initiatives to help ensure accountability and transparency will also be discussed in relation to the actual needs of the countries in the region

<i>Focus Group 2: Promoting Disclosure, Transparency and Integrity in Business Operations</i>
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The OECD Convention imposes significant new requirements on corporations to maintain adequate accounting records and internal company controls, undergo external audits, and adopt effective codes and compliance programs. In addition, to promote good corporate governance and discourage bribery, provisions have been developed in the framework of the Convention to secure that bribes as business expenses are ruled out.

1. Denying tax deductibility of bribery and promoting disclosure of corporate operations

The tax treatment of bribes can make a major difference in corporate behaviour. When the tax laws treat bribes as tax-deductible business expenses, the message is that bribes are considered a legitimate business expense. While deductibility encourages bribery and further distorts competition, disallowing deductibility of bribes discourages bribery and serves as a strong and politically visible symbol of the common international commitment to combat bribery especially if combined with the criminalisation of such action.

Participants will discuss countries' progress in implementing the OECD 1996 Recommendation on the tax deductibility of bribes to foreign public officials and best practices in administering such non-tax deductibility. Participants will also learn about the OECD monitoring of the implementation of the Recommendation and about the design of OECD tax audit guidelines for the detection of suspicious payments likely to be bribes. A tax expert from the region will present Korea's experience with regards to the denial of tax deductibility of bribes.

Company and business accounting requirements and practices, external audit and internal controls will be discussed in this context as contributing to the fight against corruption. Participants will discuss the key role of proper bookkeeping, necessary for detecting illegal payments, and demonstrate how the requirement to keep accurate records, coupled with strong penalties for violations, deters companies from making illegal payments or creating slush funds. The need to re-examine the role and responsibility of the external auditor and his/her capacity to subject company records to critical analysis to detect illegal payments will have to be examined in that framework.

2. Encouraging good corporate behaviour

Since the interest of governments is not to prosecute individuals or companies for bribery, but rather to create an environment which will stimulate companies to take the necessary measures to ensure that officers or employees do not engage in bribery, the role of ethical standards, compliance programmes and other initiatives developed by the business community to improve the functioning of markets and to strengthen competitive forces and curtail rents will also be examined. Participants will learn in particular about rules of conduct and

charters of standards for transactions between business and government developed by business organisations such as the International Chamber of Commerce. Efficient self-regulatory measures developed and implemented by companies operating in the region in order to combat fraud and promote integrity will also be presented.

The role of organised labour and trade unions in exerting pressure on businesses will be discussed as well. The development of these measures aims at complementing government and business actions.

Focus Group 3: Raising Public Awareness and Promoting Civic Participation

Civil society and the media can play a large role in creating and maintaining an atmosphere in public life that discourages fraud and corruption. In this breakout session participants' attention will be drawn to the usefulness of the actions taken by the civil society to detect and fight corruption.

Possible options to fight corruption include collective or individual actions to raising public education and awareness; means to grant independence of media and NGOs; investigative journalism; citizen rights charters; and promotion of moral and ethical standards. Three case studies will highlight the role of the media in fighting corruption in the region.

SESSION III - DEVELOPING ANTI-CORRUPTION STRATEGIES

A. Country strategy review

This session will allow regional participants to discuss individual country approaches in the fight against corruption. After some general remarks regarding developing anti-corruption strategies, participants will learn about different strategies developed by three countries of the region. For each country case, institutional problem areas will be identified and strategies for dealing with these institutional weaknesses will be presented. Afterwards, discussants will offer their opinions on the strategies presented and make suggestions. Presenting the country and its critique should allow the participants to see the various aspects of the issue and form their own conclusions about

usefulness of the actions being taken in the particular country.

B. Regional and donor anti-corruption initiatives

This session will allow participants to discuss some regional initiatives. Speakers from three donor institutions will briefly describe regional anti-corruption initiatives, focusing on those areas that are part of the core competency of the agency. Afterwards, discussants will offer their views on the strategies presented and make suggestions. Participants should then be able to form their own conclusions about usefulness of the actions being taken at the regional level.

C. Developing effective approaches to implement anti-corruption strategies

In this session, discussion will go beyond the development of particular anti-corruption strategies to focus on exchanging ideas and experiences on how to best implement and execute such strategies so that they achieve their intended goals. Discussions should culminate in the adoption of a concrete and “actionable” list of recommendations that the plenary will consider at the end of the session.

Three breakout sessions will run in parallel to address how different anti-corruption initiatives can best implement and execute strategies in the fight against corruption. Each participant will select the areas they are most interested in. Participants of each session will be assisted in their discussion by experts with a range of specialisations so as to address both the depth and breadth of the topic. Facilitators will help guide the discussions and rapporteurs chosen by each group will summarise the concrete recommendations made during each discussion.

Breakout Session 1: Actions by public sector

Participants will discuss the question of how to reform and the support for reform. In particular, they will discuss: how to mobilise the political will to act; how to develop institutional capability; how to develop the required legislation; how to enhance enforcement; how to develop public-private partnerships. Together with experts, they will develop proposals for strategies for reform (law, institutions, professionalism) and make suggestions about the means to implement reform strategy.

Breakout Session 2: Actions by private sector

Topics to be discussed by participants will include how to calculate the cost-benefit for business of fighting corruption; how to develop private-public partnerships; how to mobilise the political will to act; how can business networks promote ethical behaviour by firms.

Breakout Session 3: Actions by civil society

Participants will discuss the questions of how to effectively mobilise NGOs and the mass media, how to create public awareness and constituencies, and how to deal with cultural attitudes. Together with experts, they will discuss the legal basis for access to information and make suggestions about how best to make use of the catalytic role of media in public advocacy.

PARTICIPANT WORKING SESSION

During this optional working session, participants, including representatives of the donor institutions, will meet amongst themselves to discuss topics of mutual interest.

CLOSING SESSION - ENSURING EFFECTIVE FIGHT AGAINST CORRUPTION

During the final session, the specific concrete actions recommended during the working sessions will be presented. Based on the evaluation of the panel and the general discussion among participants, the Chairmen will close the session by formulating a set of conclusions on effective fight against corruption.

SPONSORS



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www.adb.org

The Asian Development Bank (ADB), a multilateral development finance institution, was established in 1966 to promote the social and economic progress of the Asian and Pacific region. The Bank is owned by the governments of 57 countries, of which 41 are from the Asia-Pacific region. Over the past three decades, the Bank has become a major catalyst in promoting development in the world's most populous and fastest-growing region.

The ADB seeks to combat graft and corruption as part of its broader work on issues of governance and capacity building. The ADB's Anticorruption Policy, approved by the Board unanimously in July 1998, is intended to reduce the burden that widespread, systemic corruption exacts upon the governments and economies of the region. Specifically, the ADB's policy is centred upon three objectives: (1) supporting competitive markets, and efficient, effective, accountable, and transparent public administration; (2) supporting promising anticorruption efforts on a case-by-case basis and improving the quality of the ADB's dialogue with its developing member countries (DMCs) on a range of governance issues, including corruption; and (3) ensuring that the ADB's projects and staff adhere to the highest ethical standards.



The Organisation for Economic Co-operation and Development

**2, rue André-Pascal
F-75116 Paris Cedex 16
T: (331) 4524-1855
F: (331) 4524-7852**

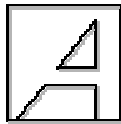
<http://www.oecd.org/daf/nocorruption>

The Organisation for Economic Co-operation and Development (OECD) groups 29 member countries in an organisation that provides governments a setting to discuss, develop and perfect economic and social policy. OECD governments compare experiences, seek answers to common problems and work to co-ordinate domestic and international policies that increasingly in today's globalised world must form a web of even practice across nations.

The OECD has been a leader in the global fight against bribery and corruption in international business practices. Making use of the Secretariat-wide expertise and cultivating synergies with other international initiatives -both public and private, the OECD has provided a unified and comprehensive front against corruption. The OECD addresses corruption from the perspective of both the recipients of illicit payments, by promoting public ethics and good governance, and the providers of illicit payments, by taking actions against bribe givers.

The OECD Anti-Corruption Unit, (ACU) located in the Directorate for Financial, Fiscal and Enterprise Affairs, serves as the focal point within the OECD Secretariat to respond to the need to fight bribery and corruption in international business transactions, while *the OECD Public Management Service (PUMA)* assists Member countries to develop and maintain an effective framework for promoting integrity and high standards of conduct on the part of public officials. *The Centre for Co-operation with Non-Members (CCNM)* assists in this work by being the focal point for the development and pursuit of policy dialogue between the OECD and non-member economies.

ASSOCIATED PARTNER ORGANISATIONS



Konrad
Adenauer-
Stiftung

Konrad Adenauer Stiftung
Rathausallee 12
53757 Sankt Augustin
Germany

T: 49-2241-2460 F: 49-2241-246 591
www.kas.de

The Konrad Adenauer Foundation is active in the fields of political education, research and consulting and is represented worldwide in the areas of international politics and development work. Throughout its activities, the Konrad Adenauer Foundation has demonstrated a long-standing commitment to good governance, particularly in the area of investigative journalism and its role in curbing corruption.



Transparency International Secretariat
Otto-Suhr-Allee 97/99
G-10585 Berlin
Germany

T: 49-30-343-8200 • F: 49-30-3470-3912
www.transparency.de

Transparency International (TI) based in Berlin, Germany is the leading global, nonpartisan organisation dedicated to increasing government accountability and curbing corruption and bribery in international business transactions. TI has more than seventy national chapters that combat corruption at the national level and is co-operating with international organisations, including the OECD, in actions against bribery and corruption.



United Nations Development Programme



United Nations Development Programme
Management Development and Governance
Programme for Accountability and Transparency
304 East 35th Street Room 620
New York, NY 10017

T: 212-906-5094 • F: 212-906-6350
<http://magnet.undp.org>

The United Nations Development Programme has programmes to assist policy makers in the fight against corruption. UNDP's involvement is rooted in its mandate to create an enabling environment for sustainable human development. The Programme for Accountability and Transparency (PACT) serves as the focal point within UNDP to ensure an effective strategy in supporting anti-corruption programmes. Its work focuses on facilitating good governance and supporting methods to curb corruption, including policy dialogue, capacity building, and support to national programmes.



U.S. Agency for International Development
Ronald Reagan Building
Washington, D.C. 20523-0016
Telephone: 202-712-4810
FAX: 202-216-3524
<http://www.info.usaid.gov>

The United States Agency for International Development (USAID) is an independent federal government agency that conducts foreign assistance and humanitarian aid. The Agency aims to fight corruption through economic restructuring, the rule of law, open and accountable government, free media and civil society. Anti-corruption activities are co-ordinated by an anti-corruption working group which is composed of representatives of USAID's regional and other bureaus. The group aims to broaden discussion of the OECD anti-bribery convention and, accordingly, several bureaux have co-sponsored or financially supported anti-corruption workshops with the OECD's Anti-Corruption Unit.

ASSOCIATED PARTNER ORGANISATIONS

PACIFIC BASIN ECONOMIC COUNCIL

*Pacific Basin Economic Council
PBEC International Secretariat
900 Fort Street, Suite 1080
Honolulu, Hawai'i 96813
United States
T: (808) 521-9044
F: (808) 521-8530
<http://www.pbec.org/home/>*

The Pacific Basin Economic Council is an association of senior business leaders from throughout the Pacific Basin Region dedicated to expanding trade and investment through fostering open markets. The PBEC Working Committee on Transparency works specifically towards the goal of ensuring complete integrity, transparency and accountability in all business-government transactions, and the enforcement of anti-corruption statutes.



**WORLD
BANK
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*World Bank Institute
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1818 H Street, N.W.
Washington, D.C. 20433
T: (202) 458-2498
F: (202) 334-8350
<http://www.worldbank.org/wbi/>*

The World Bank Institute provides training and other learning activities that support the World Bank's mission to reduce poverty and improve living standards in the developing world. WBI's Governance and Anti-corruption Program emphasises both the piloting of new approaches to address issues of good governance and the dissemination of best practices and lessons learned. The Program's approach involves working with client countries (both government institutions and civil society) and donors as partners.